

ORDER NO. 4713

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
International Business Reply Service
Competitive Contract 3 (MC2011-21)
Negotiated Service Agreements

Docket No. CP2016-152

ORDER APPROVING MODIFICATION THREE TO
INTERNATIONAL BUSINESS REPLY SERVICE 3 NEGOTIATED SERVICE
AGREEMENT

(Issued July 13, 2018)

I. INTRODUCTION

The Postal Service seeks to modify an International Business Reply Service Competitive Contract 3 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification Three to International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, July 12, 2018 (Notice). The modification is an attachment to the Notice (Modification).

In Order No. 3260, the Commission approved the International Business Reply Service 3 negotiated service agreement (Existing Agreement).² On July 12, 2018, the Postal Service filed notice that it has agreed to Modification Three to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement, as modified, was set to expire June 30, 2018.³ On June 28, 2018, the Commission granted a Motion for Temporary Relief extending the Existing Agreement to July 31, 2018.⁴ The Modification revises the expiration date of the contract to the same date. See Notice at 1.

² See Order Approving Additional International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, April 26, 2016 (Order No. 3260). The contract was later modified. See Order Approving Modification One to International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, April 26, 2018 (Order No. 4593); Order Approving Modification Two to International Business Reply Service Competitive Contract 3 Negotiated Service Agreement and Denying as Moot Motion for Temporary Relief, May 24, 2018 (Order No. 4620). The Commission has approved two Postal Service motions for temporary relief regarding extensions of the expiration date. Order Granting Motion for Temporary Relief, June 28, 2018 (Order No. 4690); Order Granting Motion for Temporary Relief, April 24, 2018 (Order No. 4588).

³ See Order No. 4620 at 3 (revising expiration date to June 30, 2018).

⁴ Order No. 4690 at 3.

Other considerations. The Existing Agreement, as modified, is set to expire July 31, 2018, as previously approved by the Commission in Order No. 4690. *See id.* at 1; Order No. 4690 at 3.

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the International Business Reply Service Competitive Contract 3 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to July 31, 2018.

By the Commission.

Stacy L. Ruble
Secretary